

Questions and Answers

March 9, 2009

What about out-of state and in-state private institution tuition?

The Program Rules directly relates out-of-state and in-state private tuition to the Alabama in-state public tuition. This correlation is expected to continue.

When will the 2008 actuarial and audit reports be available?

These reports will be presented to the Board at its meeting this month. Thereafter, these will be posted to the website under Program Documents.

How do I get historical information that is no longer posted to the website?

You may complete a Public Record Request form located on the Treasury website www.treasury.alabama.gov, click Forms.

Why were Alabama and Auburn the only schools contacted?

Every Alabama university and college have been contacted and is encouraged to partner with PACT.

What should I do?

In the press conference on Friday, March 6, 2009, Treasurer Ivey encouraged participants to be patient and to wait to make decisions until after the board meeting this month. Additional information may be available to aid in the decision making process.

Why were a 4% tuition increase and 9% return assumed?

This is not accurate. You may review the Actuarial Report under Program Documents to read information about the assumptions.

What is the portfolio invested in?

Callan Associates is providing an investment report to be posted to the website early this week.

March 6, 2009

Why did you send the letter?

We felt that rather than let the situation leak out and have rumors fly, sending the letter to PACT Participants was a way to insure you were informed of the facts and potential issues.

Why the delay in a solution?

It takes time to schedule meetings, obtain information, and share options. We are working as fast as possible.

What is the worst case scenario?

We believe the worst case scenario would be that principal monies would be returned to the PACT purchasers. However, our goal is for PACT to pay tuition benefits to PACT students and this is the goal that we are working towards achieving.

How do I cancel?

Cancellation and refund information is available on the website www.800alapact.com, click Program Documents, click Rules. The form to submit for cancellation is also on the website, click Program Participants, click Forms. There is a 4-6 week processing time for this action.

Are there tax consequences if I cancel?

PACT is a tax-advantaged program for the purpose of paying qualified higher education expenses. Tax implications can be read on the disclosure statement found on the website, click Program Documents, click Disclosure Statement. You should consult with a tax advisor to determine tax implications.

How are the assets of the trust fund invested?

The Board retains a professional investment consultant, Callan Associates, to advise the Board on asset allocation, manager selection, and investment performance. Nine professional managers invest the funds in equities and fixed income. PACT does not invest in alternative investments.

Why is PACT not guaranteed by the State of Alabama?

A guarantee means that the state provides “full faith and credit” which would require a constitutional amendment.

Is PACT a 529 program?

Yes. 529 refers to the federal Code that created the college savings programs – there are two types – a prepaid, like PACT, and a savings program.

How do I contact my legislative representative?

Visit the website www.legislature.state.al.us for contact information.

When is the Board meeting?

The Board meeting is scheduled for Tuesday, March 24th. The time and location will be posted on the website. We will also post results from the meeting on the website that afternoon, and send PACT purchasers a letter.

How can I let the Board know my feelings?

You may email your comments to alapact@treasury.alabama.gov. These will be compiled for the board’s review. Additionally, a public hearing is scheduled for Thursday, March 12th. This is an opportunity for you to personally voice your concerns to board members. The time and location will be posted on the website.

March 3, 2009

Why is the program hurting?

The PACT program has not escaped the worldwide economic crisis. The investment market downturn has adversely impacted the program just when it reached its peak for making benefit payments

Should I cancel my contract and get my money?

That is an option and is strictly your decision. However, another option is to give the board the time to work through this situation. The goal is that every child will get the benefits they need to pay tuition at an Alabama public institution.

When will PACT have an answer?

The PACT Board will meet by the end of March to consider options presented. At that time, a decision will be made about fall invoices.